



Case study: Banking

BANK CAUSES STRESS DUE TO DELAYS IN FINALISING A PROPERTY TRANSACTION

Themes: Bank transfer delay; process and procedures; distress and inconvenience award

A customer claimed his bank failed to complete a funds transfer on time to pay for a house purchase, causing the complainant needless distress.

In September 2020, Mr C told his bank to transfer funds from his account in the Channel Islands to a UK account for the purchase of a property. Mr C had sought advice from his bank prior to the transfer to ensure the property purchase would not be delayed by the funds transfer. The bank had assured Mr C that the transfer would be completed on time.

Unfortunately, Mr C's funds did not arrive at the UK account on the date previously advised by the bank. Mr C contacted his bank to find out why the transfer had been delayed. Mr C's bank responded by saying the transaction had actually been cancelled and offered no apparent reason for this cancellation. Mr C had no alternative but to request the bank to do another funds transfer, postponing the house purchase transaction by another few days. This further delay caused Mr C some embarrassment as he had to request additional time from the seller to finalise the property purchase.

The funds were transferred, and the house purchase transaction was completed. Mr C made a complaint to his bank about the delay. The bank responded with an apology, but Mr C was not satisfied with the bank's response and referred his complaint to CIFO.

CIFO investigated and noted that the bank admitted the delay in completing the transaction was the bank's responsibility caused by a staff error. CIFO therefore upheld the complaint and recommended the bank pay compensation to Mr C for the distress and inconvenience caused. CIFO also noted that the bank had not contacted Mr C to advise him that there had been an error with the transaction. It was only when Mr C contacted the bank to inquire about the delay that the error was discovered. Mr C then initiated the second funds transfer request.

Upon learning of CIFO's conclusion on the matter, the bank initially offered £150 for the upset it had caused Mr C. However, CIFO proceeded to make a recommendation to both parties as CIFO felt the bank's offer was not fair and reasonable under the circumstances. Although CIFO recognised Mr C had suffered no economic loss, as the property seller had accommodated the delay caused by the bank, CIFO did feel the assurances given, the error, and the bank's lack of communication with Mr C regarding the error had together caused significant distress that warranted greater compensation than what the bank had offered. CIFO therefore recommended the bank provide Mr C with an

increased offer of £500 due to the distress caused by the multiple errors. The bank accepted and compensated Mr C accordingly.